

25 October 1963

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WEEKLY SUMMARY

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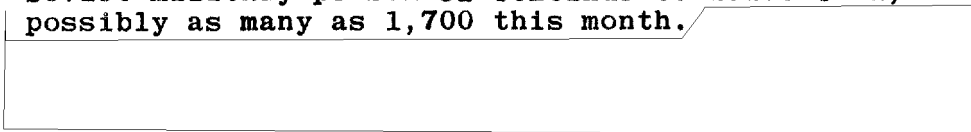
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Cuba

COMMUNIST AID FOR CUBAN HURRICANE DISASTER

In response to Cuban appeals for aid in the wake of Hurricane Flora, the Soviet bloc and Communist China (as well as several Western countries) are sending emergency relief supplies. Rapid air shipment of medicines, drugs, food, and clothing has had first priority. Plans for aid to repair the longer term damage to the Cuban economy are also under way, however, and on 24 October Khrushchev announced a sizable program of free assistance for this purpose.

Several civil air flights to Cuba from the USSR and Eastern Europe have transported medicines, food, and other relief goods. The Chinese, doubtless moved by a desire to influence Cuba within the context of the Sino-Soviet conflict, have made relatively strenuous efforts to help. On 20 October a Soviet TU-114 transport chartered by Communist China arrived in Havana from Peiping carrying relief supplies donated by the Chinese.

The main burden of Communist economic support, however,

must continue to fall on the USSR. Moscow has played up its role by citing the continuous flow of Soviet shipping to Cuba and has singled out the wide variety of foodstuffs included in the cargoes. Many of these were en route before the hurricane, but it is possible others are being loaded now to help cope with the Cuban disaster.

Additional Cuban aid requests are likely to be forthcoming. Special Soviet-Cuban economic negotiations may be required to map out a rebuilding program and to make up for the adverse effects of the hurricane on Cuba's foreign trade.

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Cuba

MILITARY DEVELOPMENTS IN CUBA

Soviet military personnel continue to leave Cuba. As many as 1,700 could have departed since 8 October if the five Soviet passenger ships involved were loaded to capacity. Some of these may have been surface-to-air missile (SAM) personnel being withdrawn to make room for Cubans slated to begin training next month at individual SAM sites.

Equipment from the new SAM site at Nuevitas in eastern Cuba was moved last week, apparently because of flooding during Hurricane Flora, and has not yet been relocated.

In a show of military preparedness, Cuban naval and air craft launched an attack intended to repel two "pirate" launches and a "mother" ship

on the night of 21 October on the southern coast of Pinar del Rio, Cuba's westernmost province. However, the jet fighters erroneously attacked the SS Joseph Louis, a US freighter of Liberian registry traveling through international waters to Corpus Christi, Texas.

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Cuba

FORMATION OF NEW CUBAN POLITICAL PARTY LAGGING

The fledgling United Party of the Socialist Revolution (PURS) is encountering difficulties in converting one-time Castro revolutionaries into reliable and properly submissive party members. Perhaps as many as 1,000 of its approximately 23,000 members have been dropped from the rolls during the past year for lack of motivation or perseverance.

The October issue of Cuba Socialista, the official PURS ideological journal, highlights this problem, at least as it is manifest in the Havana area. The paper notes that during the process of turning the old Integrated Revolutionary Organizations (ORI) into the PURS, 354 party "militants" and "aspirers" in Havana were expelled--chiefly because they had lost "the quality of exemplary worker." They had been admitted in the first place as a reward for participating in the revolution, but lacked the personal discipline required for routine party membership.

The journal goes on to say that most of these had been enrolled by inexperienced cadre specialists. Reference was also made to the inability of PURS propagandists to persuade a good many of those expelled to accept the party's ideological

lead. The blame for this was attributed to the attitudes of families, friends, and the hostile propaganda of religious and counterrevolutionary groups.

To remedy this situation Cuba Socialista exhorts the party to wage an unceasing ideological "struggle" for the loyalties of the Cuban workers even after they have been admitted to the PURS. It suggests lesser punishment than expulsion --i.e., temporary suspension, loss of party office, or reduction to "aspiring member"--for those whose enthusiasm wanes.

Meanwhile, the PURS recruitment program is running behind schedule. Never intended by the Castro regime to number more than 100,000, PURS nevertheless was supposed to have an enrollment of 50,000-80,000 by the end of this year--a goal it will almost certainly not achieve.

There is evidence that this evident lack of popular enthusiasm accounts in large measure for the regime's reluctance to convene membership meetings. Some Havana area PURS "cells," founded a year ago, have yet to hold a formal meeting.

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The Communist World

USSR MARKING TIME ON BERLIN

Moscow is marking time on the Berlin autobahn issue and has given no indication as to how it would react to any joint Allied statement on existing access control procedures.

Since the detention of the British convoy on 16 October, the Allies have not sent any convoys in or out of West Berlin to which the Soviets could apply their new checking procedures. Last week, the Soviet checkpoint commander claimed that passengers in all convoys of five vehicles or more must dismount for headcounts. Following the perfunctory propaganda treatment of the 10-12 October US Berlin convoy incident, both Soviet and East German press media have ignored the subsequent British convoy incident.

Moscow appears anxious to avoid any impression that the autobahn incidents imply a Soviet retreat from the detente atmosphere. The USSR gave wide publicity to Gromyko's statement that a Western correspondent had distorted his remarks at Prestwich airport by applying his pessimistic assessment of prospects for disarmament to the whole range of issues covered in his recent talks with US and

British leaders. Soviet reports of President Kennedy's 19 October speech highlighted his remarks on the improved international situation, and Izvestia also hailed the unanimous General Assembly resolution banning nuclear weapons from outer space as a "new important step toward further relaxation of tension."

The Soviet leaders, however, served notice that their desire to further the East-West detente will not prevent a vigorous response to any Western moves which, in their view, might alter the status quo, particularly in Germany. A TASS statement of 21 October warned that renewed NATO discussions on establishing a multilateral nuclear force (MLF) will have an "adverse effect on the still infirm shoots of mutual understanding and trust." It charged that steps to provide West Germany with access to nuclear weapons "contradict the spirit" of the test ban treaty. The statement repeated in notably restrained terms earlier warnings that the creation of the MLF will oblige Moscow to consider "the need to ensure the safety of the Soviet Union and its allies."

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The Communist World

SOVIET ECONOMIC SITUATION IN LIGHT OF WHEAT DEALS

The emergency wheat purchases have caused Moscow to reassess the Soviet economic situation. This may delay final adoption of the 1964-65 economic plan and probably involves a last-minute review of Khrushchev's latest remedy for agriculture--a crash chemical program stressing fertilizer production. Although the third-quarter official economic report issued last week does not reflect it, other signs continue to suggest that his program is being implemented.

Khrushchev has told Western officials that some of the resources for his new program will come from adjustments of the military priority and in several speeches he has indicated that some of the traditional heavy industries--last fall he cited iron and steel--would have to give way. There has as yet been no indication of a major shift in the military priority, but there have already been signs of diversions within the civilian sectors. On 17 October Izvestia announced that a cement plant in Moscow has begun producing phosphate fertilizer.

The 1964-65 plan might now be presented at the usual time of year--to a Supreme Soviet meeting in December--rather than

in November as previously anticipated by Soviet planners. Khrushchev, however, may well give a preview of the plan at the central committee plenum apparently scheduled for late next month.

The press continues to give extensive coverage to Khrushchev's new program. On 17 October all major papers featured his speech at the opening of a large irrigation project in which he strongly reaffirmed the need for a rapid expansion of chemical output and also irrigation. On the same day the party central committee publicized pledges by three building organizations to attempt to fulfill ahead of schedule a large segment of the 1964-65 program for new fertilizer production capacity. The party called for the pledge to become a nationwide campaign.

A major meeting of Soviet construction officials took place in Moscow last week. Construction chief V.N. Novikov scored lags in introducing new fertilizer capacity and called for "everything to be done" to speed up the supply of new equipment and materials to chemical construction. Elsewhere in the USSR there has been a rash of meetings in which the speakers have outlined difficulties which have hampered progress in the chemical program--poor

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USSR : SELECTED PRODUCTION

	1962		1963		1963	1963
	3rd Quarter		3rd Quarter		Mid Year	Plan
	(Quantity)	(Percentage Increase)	(Quantity)	(Percentage Increase)	(Percentage Increase)	(Percentage Increase)
Chemical Fertilizer (Million Metric Tons)	12.5	11	14.2	13.6	13	16
Pig Iron (Million Metric Tons)	40.9	9	43.6	6.6	6	7
Steel (Million Metric Tons)	56.5	8	59.6	5.4	5	5
Oil (Million Metric Tons)	137	12	151.9	11	11	10
Electric Power (Billion Kilowatt Hrs.)	237	13	268	13	13	11

Gross Output		9.5		8.7	8.5	8
Labor Productivity		6		6	6	5.6
Chemical Industry		17		17	17	17
Ferrous and Non-Ferrous Metallurgy		9		9	9	-

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The Communist World

planning, too few engineers, insufficient machinery, lagging construction--and pledged to undertake large investment increases in the future. In Kazakhstan, for example, the admission that the annual construction plan in the chemical industry was only one quarter fulfilled by August was accompanied by a pledge to increase the plan by 40 percent next year. Similar meetings on the irrigation theme are also being held.

The need for improvements in agriculture is underscored by several reports that many collective farms are experiencing financial difficulties this year. The reason given for the difficulties has been failure of agencies doing business with the farms to pay their obligations on time. However, a more basic cause is undoubtedly the poor 1963 harvest as well as increased pressure from Moscow for the farms to expand investment from their own funds.

Other agricultural activities are suffering. Recent signs that distress slaughtering--stemming from fodder shortages--is taking place in the Ukraine have been followed by an admission that the situation is also difficult in the Baltic republics. The Lithuanian party chief has exhorted farmers to gather fodder from all possible sources--potato tops, leaves of beets, and even weeds.

The third-quarter report on plan fulfillment by Soviet industry, issued on 18 October, showed an increase in gross output--8.7 percent--virtually the same as at mid-year. The chemical industry continues to do better than most other major sectors, but this cannot be construed as an indication of the implementation of Khrushchev's program. Quarterly reports are not a good indicator of resource shifts since they do not contain investment information.

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YUGOSLAVIA AND THE NONALIGNED STATES

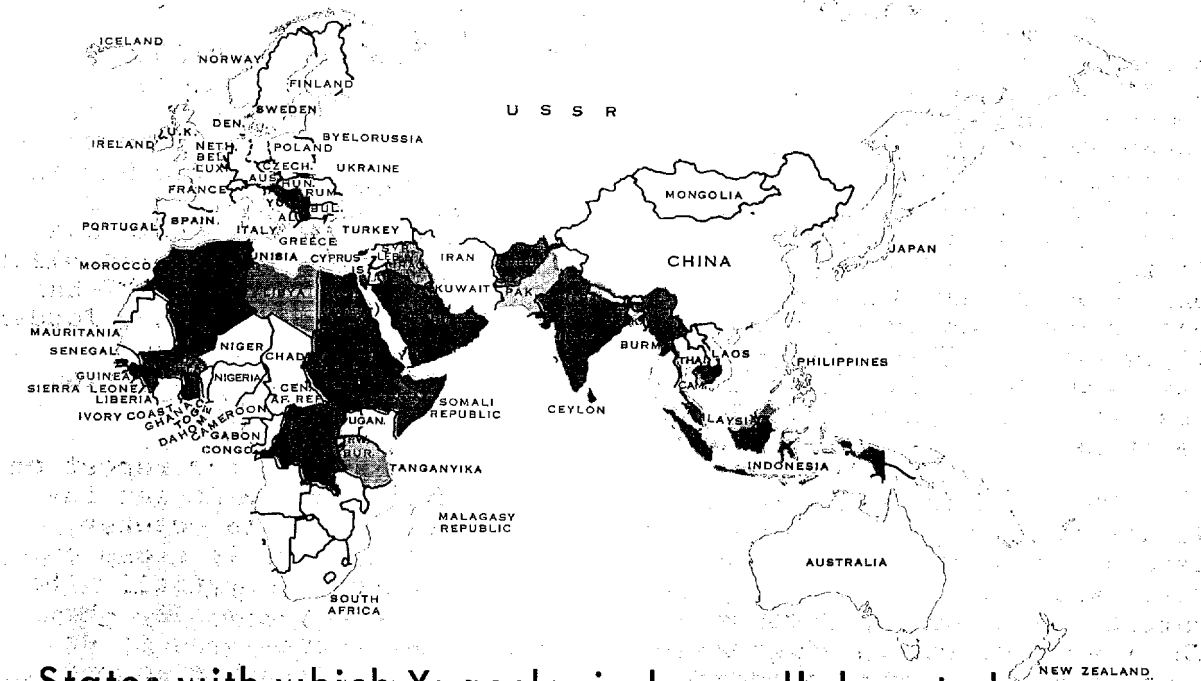
Although still describing itself as nonaligned, Yugoslavia believes that the concept of an East bloc versus a West bloc, with the nonaligned states off to the side, is no longer realistic or relevant. As explained by Tito during his recent Latin American tour and by the Yugoslav press, the policies of international detente long

advocated by the nonaligned states have been adopted for the most part by major powers in both East and West. In both blocs, moreover, one can find the whole spectrum of opinion on international questions. Consequently Belgrade now sees the world primarily as divided politically between those states working for "peaceful coexistence" and those

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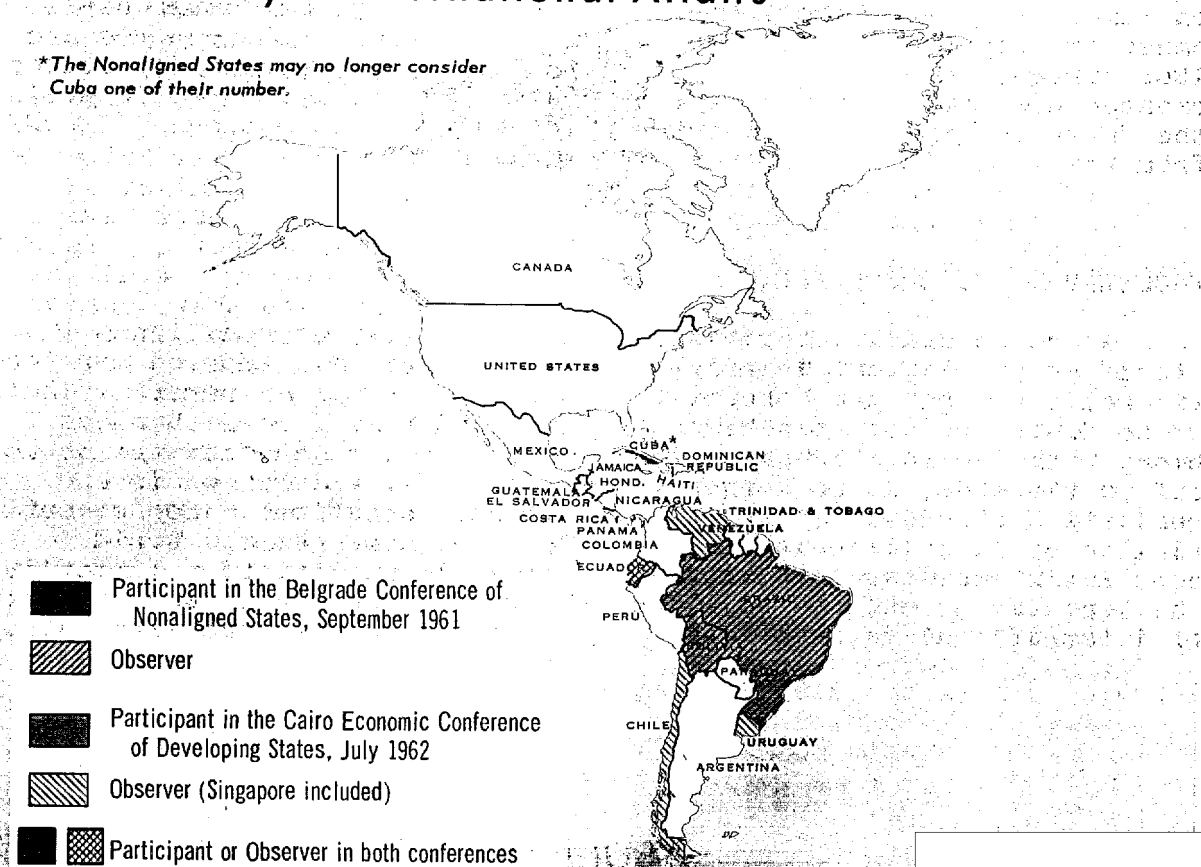
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States with which Yugoslavia has collaborated most closely in International Affairs

**The Nonaligned States may no longer consider Cuba one of their number.*



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The Communist World

against it and divided economically between the developed and underdeveloped states.

In the economic division, Yugoslavia is securely identified with the underdeveloped states. It helped organize an economic conference of these states in Cairo in July 1962. One result of this meeting will be the UN Conference on Trade and Development, scheduled for next year, for which two preparatory conferences have already been held.

The underdeveloped community has included virtually all of the nonaligned grouping, within which, according to Belgrade, have been the foremost spokesmen for "peaceful coexistence." Both groups have held that international peace is a prerequisite for rapid economic development on an international scale, and the causes of both groups have been closely linked. Yugoslavia has considered itself also a leader of the politically motivated nonaligned grouping.

Since the hardening of the Sino-Soviet split, however, Belgrade has apparently become increasingly concerned by evidence of the susceptibility of some nonaligned states to Communist China's appeal to Afro-Asian racialism. Yugoslavia is apparently fearful for its own position among the nonaligned states and is concerned about keeping this group intact within the "camp of peaceful coexistence." This concern has probably been heightened by Peiping's

apparent success in thwarting Yugoslav efforts to convene an international conference of neutral-leaning trade unions. Instead, Indonesia, with Chinese backing, is attempting to convene an Afro-Asian trade union meeting to which Yugoslavia may not be invited to send even observers.

In view of the Chinese challenge, Belgrade would clearly support a second conference of the heads of state of the non-aligned countries. The UAR now is attempting to organize such a meeting, which Tito probably views favorably as an opportunity to urge the nonaligned states to reassert the connection between "peaceful coexistence" and economic development and for committing these states to both. He might also hope to get the conference to take positions on international issues against which Peiping is already on record in the Sino-Soviet dispute.

Belgrade probably believes that any success it might have along these lines would have a favorable side effect on its relations with Moscow.

As a country which describes itself as both "socialist and nonaligned," Yugoslavia probably expects it would gain additional prestige as the key party in this arrangement.

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The Communist World

TENSIONS RISING IN POLAND

Tensions are again rising in Poland as the population reacts to what it considers a slow but probably basic movement by the regime toward a "get-tough" internal policy. The stepped-up campaign against the Catholic Church has aggravated the sullen and angry mood engendered by internal economic policies.

The nation's tolerance for its Communist rulers is wearing thin as disappointment and frustration mount over what the majority consider the failure of the October 1956 revolution that brought party leader Gomulka to power. Gomulka's prestige and authority have diminished sharply, but the population feels that he is still the only possible leader for Poland and fears that a change would bring renewed Soviet intervention.

Hard-line elements in the party's upper echelons, who admire China's discipline if not its foreign policy since 1959, have apparently prevailed over more moderate factions. As a result an antipathetic population is being bombarded with campaigns for increased discipline, "socialist labor competitions," and demands for participation in a new ideological indoctrination drive. For the first time since 1956 a party chief has publicly advocated "administrative measures" as a means of achieving plan goals if persuasion should fail. Food prices were raised in August, food and fuel shortages are likely during the winter, and the regime

probably expects a recurrence of the wildcat strikes, slowdowns, and demonstrations sparked by a rise in fuel and power prices last spring.

While terror has not been introduced as an instrument of policy, the secret police are making their presence more generally felt by frequent questionings, surveillances, and temporary detentions.

Even though the regime's actions against the church have been undertaken at a local level without the aid of a direct national propaganda campaign, the population is aware of them through Western radio-broadcasts and the internal grapevine. Cardinal Wyszynski and other bishops delivered a series of sermons and pastoral letters this summer which also served to raise popular awareness and to deepen the people's determination to defend the church. Response to the cardinal's appeals against regime incursions has been strong, and the church, which commands the allegiance of nearly all the people, is a formidable opponent of the regime.

For example, the police in Przemyśl were driven back twice by a mob resisting closure of a liturgical music school early this month, before troops successfully stormed the building. During August, armored cars equipped with tear gas had to be used in seizure of a novice in Nowe Miasto.

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The Communist World

FLOODS IN NORTH CHINA

Unusually heavy rainfall in early August has left large areas of the North China Plain still covered with water after two months.

it now appears probable that the prolonged inundation has dealt a serious blow to autumn crops, especially cotton.

Peiping has admitted that rainfall within a 10-day period in early August in some places exceeded the normal annual average for North China and in small areas amounted to 40 inches. The first rush of flood-waters knocked out the main rail line between Peiping and Canton, which was probably broken in several places between Peiping and the Yellow River. Other land communications also were disrupted, restricting flood relief measures largely to airdrop of supplies.

Almost two months after flooding began, Tientsin reported that the "extremely serious" flood in its vicinity had been brought under control, after an effort which involved the labor of nearly a million men.

The prolongation of the flooding into October can be explained by the enormous volume of water and the fact that rivers in the North China Plain have been progressively diked higher and higher until silting has raised their beds above the surrounding countryside.

The prolonged submersion will have wiped out crops of vegetables, tubers, soybeans, cotton, and miscellaneous grains, the latter possibly amounting to several million tons. In addition to these losses, the inundation of crop land will probably reduce the acreage and delay the planting of the winter wheat crop in the North China Plain, which normally accounts for approximately one third of China's winter wheat.

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Asia-Africa

SOUTH KOREAN REGIME WINS NARROW VICTORY AT POLLS

Following junta leader Pak Chong-hui's narrow victory in the 15 October presidential election, preparations have begun to attempt to return a pro-regime majority in the elections on 26 November to the National Assembly.

Pak received only 43 percent of the vote, defeating his major opponent, former president Yun Po-son, by only a little over 150,000 votes. The voting was generally quiet and orderly, and no defined pattern of election rigging has been noted, although the ballot counting in some instances is suspect. The regime appears to have relied chiefly on widespread indirect pressure and the liberal use of money to win.

Yun's hard-hitting campaign probably had some effect. General public dissatisfaction with Pak's authoritarian rule and with the regime's economic record probably was more fundamental. Much of Yun's vote seems to have been not so much pro-Yun as antiregime.

The army vote, which favored Yun, appears to have reflected this popular feeling. Rank-and-file South Korean soldiers are largely draftees and seemingly would be influenced by the attitudes of their home-folk. Many enlisted men and junior officers reportedly are dissatisfied with their low pay and the rising cost of living. On the

other hand senior generals and key commanders probably continue to support Pak, if for no other reason than the lack of an attractive alternative.

The regime had the resources to assure Pak a solid majority by election rigging. However, it evidently feared a violent public reaction if it resorted to blatantly fraudulent tactics. Pak probably was also concerned about American reaction. Overconfidence does not seem to have been a factor.

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The return to Korea this week of Pak's former security chief Kim Chong-pil could aggravate tensions within the regime as well as between it and the opposition. Kim probably intends to take a leading role in the Assembly elections. Although Kim retains Pak's confidence as well as the loyalty of hard-core regime members, he is no more liked today in military circles generally than last February when Pak was forced to send him abroad. Nor has his public image improved.

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Asia-Africa

SITUATION IN SOUTH VIETNAM

The celebration of South Vietnam's National Day on 26 October and the presence of numerous foreign visitors in the city may tempt opponents of the regime, including student and Buddhist groups and Viet Cong agents to try to mount antigovernment actions in coming days.

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The arrival of the UN observer mission this week poses particular problems for the Diem government. Saigon has taken steps to give an appearance of harmony with the Buddhist community and to ward off any embarrassing opposition activity.

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The government had indicated its opposition to the UN mission's interviewing the

Buddhist leader, Tri Quang, who is in refuge in the US Embassy. Ngo Dinh Nhu stated publicly last week that the US would be "held responsible" if it made Tri Quang available.

Diem and Nhu continue to show that they are prepared to risk substantial reductions in US economic aid rather than bow to pressures for political reforms. Responding to signs last week of an incipient inflationary threat and growing uneasiness in the business community, they have apparently begun to probe alternative sources of funds, and Nhu warned in a press conference that "deep and drastic changes" might be required.

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The uneasy political and economic atmosphere continues to have no clearly discernible effect on the military effort against the Viet Cong

Although a government operation on 19 October against a well-entrenched regular Viet Cong battalion cost the government heavy casualties and failed to dislodge the Communists--who later evacuated under cover of darkness--the government troops performed aggressively and with discipline.

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Asia-Africa

SITUATION IN LAOS

Neutralist political leaders in Vientiane are continuing their efforts to forestall a renewal of the inter-factional fighting in Laos. There have been persistent reports of troop activity by the Communist Pathet Lao in the areas east of the Plaine des Jarres and north of Nhommarath in central Laos along Route 8. While there has as yet been no new large-scale fighting, recent weeks have been marked by an increase in probing actions and more frequent artillery exchanges.

Minister of Interior Pheng Phongsavan, the ranking neutralist in Premier Souvanna's absence, says he is trying to arrange for Souvanna to meet with Pathet Lao leader Souphannouvong when the premier returns around 6 November from visits to London and Moscow. The proposed meetings would be designed to revive the coalition government which has existed in name only since the two Pathet Lao ministers, Phoumi Vongvichit and Souphannouvong, withdrew to Khang Khay last April.

Although during his Moscow visit Souvanna is expected to protest the continued presence of North Vietnamese troops in Laos, his recent statements suggest that he believes there will be no lasting solution to the Laos problem until South Vietnam is brought under a neutral regime.

On other occasions, he has gone further and supported French President de Gaulle in calling for a unified Vietnam.

Kong Le, back in Laos after an extended visit to the USSR, has reassumed command of the neutralist forces on the Plaine des Jarres. In Vientiane, General Amkha--now subordinate to Kong Le in the neutralist military hierarchy--will continue to head the premier's Special Military Cabinet.

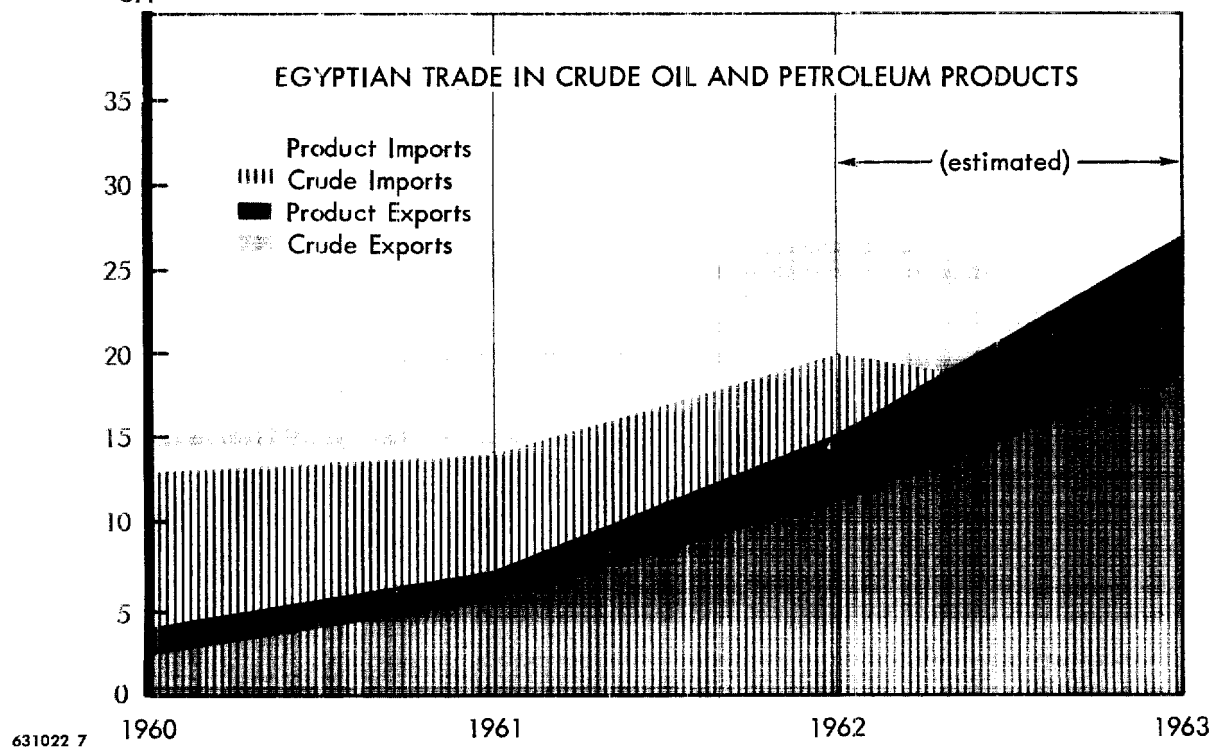
Kong Le will lead the neutralist forces in the field, leaving affairs in the capital to the more politically aware Amkha.

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Million Egyptian Pounds



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Asia-Africa

EGYPT NEARS SELF-SUFFICIENCY IN PETROLEUM

Egypt's petroleum industry is on the verge of becoming self-sufficient. The regime, in a shift in attitude, now is encouraging participation by Western interests.

As Soviet-financed exploration and refinery construction under a 1958 credit near completion, the present trend is toward greater Western involvement. Experience with the high cost of exploration and the problems of marketing in the face of a world surplus has brought a distinct change in Cairo's attitude toward Western oil companies. Semi-nationalization of Western interests in 1961 was followed by two years of do-it-yourself exploration and marketing. Ente Nazionale Idrocarburi (ENI), the Italian state-owned oil agency, has provided the only important Western presence since early 1961 when it became co-owner of Egypt's largest crude producer, Eastern Petroleum, by buying out Belgium's Petrofina.

In mid-1963, however, petroleum was exempted from a decree nationalizing numerous mining ventures. Similarly, a decree published in September specifically exempts bunkering operations of foreign companies from a new law requiring 25-percent government participation in all maritime firms. ENI will soon start to explore two new tracts--one in the Nile delta and the other at the foot of the Gulf of Suez--under terms of a concession formalized in September which

allots 75 percent of the profits to Cairo. A similar deal for exploration in the Western Desert was concluded with Phillips Petroleum in late September--an agreement marking the first sizable American oil venture in Egypt since 1961.

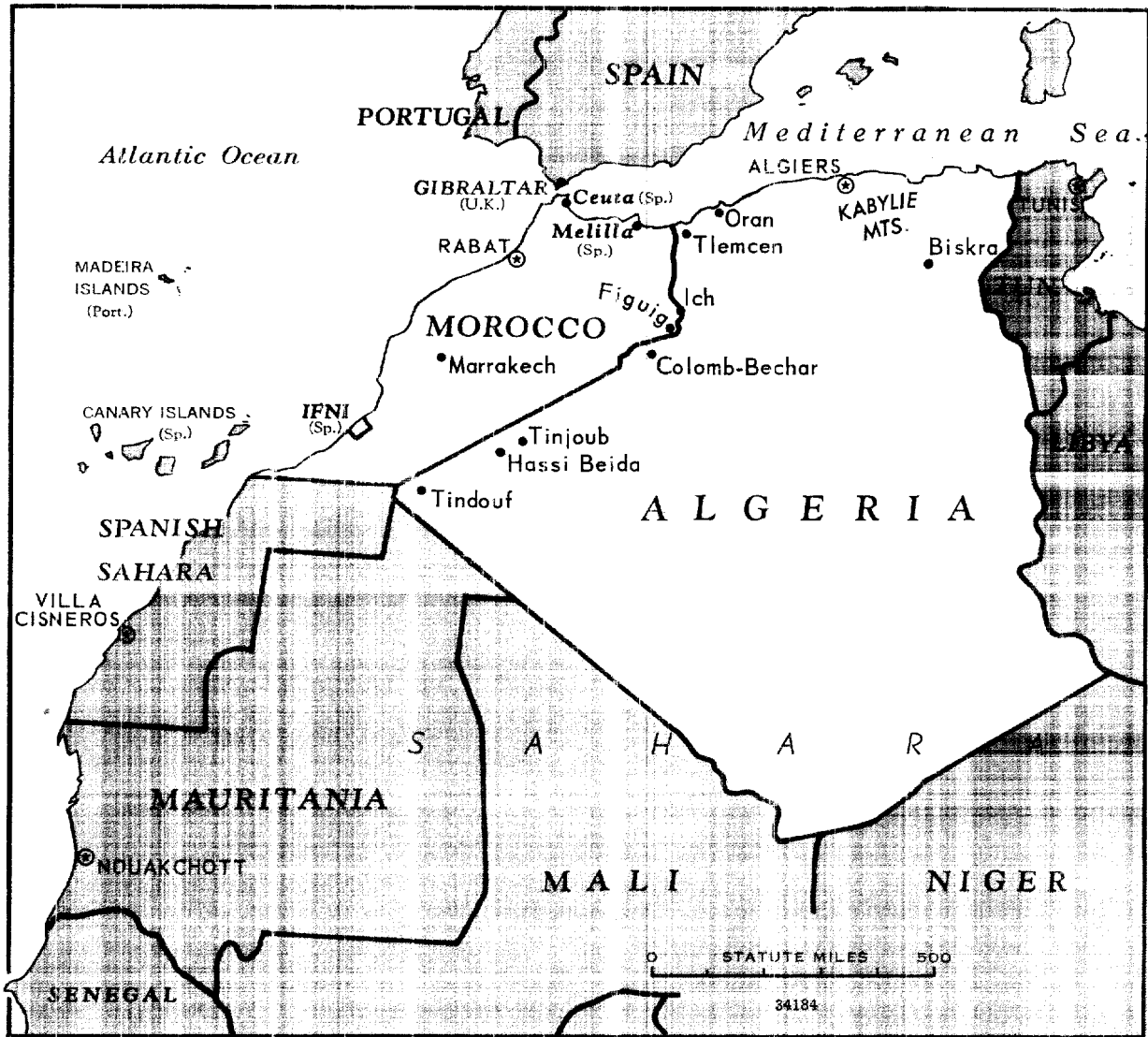
The rapidly growing Egyptian crude oil production is expected to exceed 37.7 million barrels this year--an increase of 65 percent over 1960--and reach 50 million barrels in 1965. The upsurge results largely from offshore drilling in the Belayim Marine field in the Gulf of Suez, where discoveries have far exceeded expectations.

The annual capacity of Egypt's three refineries will be raised to about 56.7 million barrels by 1965. Production early this year was at an annual rate of 45 million barrels, while slowly increasing consumption is projected at 42.2 million barrels for the full year. With the completion of current refinery expansion projects, Egypt will become self-sufficient in petroleum products and can expect to conserve about \$9-10 million annually in hard currency.

Consumption patterns result in considerable foreign trade in both crude oil and in petroleum products; the over-all balance has improved steadily, and the 1962 deficit of some \$28 million will be completely eliminated by expected 1963 exports totaling about \$60 million.

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Asia-Africa

MOROCCAN-ALGERIAN BORDER CONFLICT

Attempts to mediate the Moroccan-Algerian border dispute are under way, as skirmishes continue along the southern Moroccan border and both governments seek outside assistance.

Rabat and Algiers apparently have accepted in principle proposals by Tunisian President Bourguiba and Ethiopian Emperor Haile Selassie that King Hassan and President Ben Bella meet in their presence. Both sides, however, impose conditions which make an early meeting unlikely. Hassan insists that Moroccan forces remain at Hassi Beida and Tinjoub, the two southern border posts they retook last week, while Ben Bella demands that the forces withdraw prior to discussions.

Mediation efforts have been made by other African dignitaries and the Arab League but seem no more likely to be fruitful. Algeria reportedly has asked for the convocation of an extraordinary meeting of the Council of Foreign Ministers of the Organization of African Unity. Both governments are disinclined to refer their dispute to the United Nations at this time, although they are actively seeking support among UN members in New York.

Morocco seems to be concentrating its military effort on reinforcing border forces along its entire land perimeter. The Moroccans have made no attempt to retake their eastern border post at Ich, but claim to have repelled Algerian attacks on small outposts east of Tinjoub.

Having captured several Egyptians serving with the Algerians and fearful that Cairo will furnish substantial aid to Algeria, Morocco is pressing for military supplies from Western sources.

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Asia-Africa

EMERGENCY RULE ESTABLISHED IN LEOPOLDVILLE

Faced with mounting labor dissension, including demands for a change of government, and with antigovernment activities by left-wing extremists, Congolese President Kasavubu proclaimed a state of emergency for the city of Leopoldville on 20 October.

The decree established a regime of near-martial law under a three-man committee headed by Minister of Defense Anany, who has been described as a tough and decisive, if not enlightened, executive. The other two are Interior Minister Maboti, and Justice Minister Bomboko. Sureté chief Nendaka and an Interior Ministry official, Kandolo, are unofficial advisers, and army chief Mobutu is participating in the committee's decisions and giving his support. Premier Adoula and the government are still in office, but most decisions are being made by the committee and its supporters.

The emergency group is still trying to ferret out extremists they claim are plotting against the government with the help of the Soviet bloc. The activities of four parties have been banned, and Anany is threatening to take "appropriate measures" against an unnamed bloc diplomatic mission.

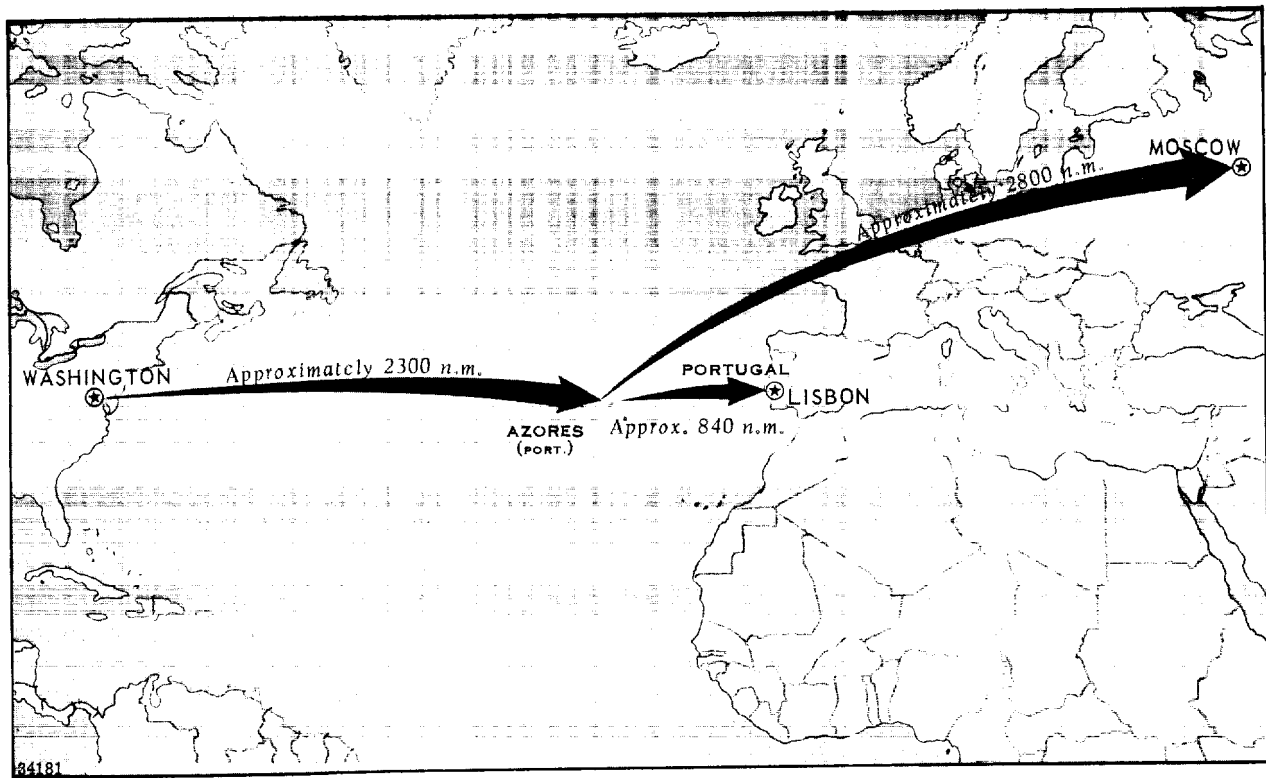
The most pressing problem facing the group is the settlement of labor's grievances, which are taking on more and more of a political character. The three top unions have denounced the establishment of the three-man emergency committee as "a prelude to a fascist dictatorship" and have again called for a new government. An offer of a substantial pay raise failed to head off a strike of civil servants that began on 23 October, and teachers who have been striking for two weeks have ignored Anany's orders on 22 October to return to work or face a possible court-martial.

Negotiations are reportedly continuing, but Adoula told US officials that he is convinced union leaders are only interested in seizing power. Ambassador Gullion states that if these strikes spread into a general strike, the survival of orderly government in Leopoldville would be in grave danger.

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Europe

FORTHCOMING US-PORTUGUESE TALKS ON AZORES BASE

There are indications that the Portuguese are preparing to renew discussions of US airbase rights in the Azores. The supplementary five-year agreement signed in 1957 expired at the end of 1962 and continued US use of the base was assured only by an "interim" arrangement which runs out this December.

There seems little likelihood that Lisbon will agree to more than another short-term extension until its "complaints" against US African policy are resolved. It would thus retain a device to vent its frustrations over the problems it faces at the UN, and also maintain the only leverage it feels it has to exert continuing pressure on the United States.

Foreign Minister Nogueira, now in New York for private talks under UN auspices with nine African leaders, has told the press he intends to go to Washington in November to discuss the Azores agreement. He can be expected to reiterate previous complaints that the US could have prevented the anti-colonial UN Security Council

resolution in July, blocked Portugal's expulsion from the Economic Commission for Africa, and prevented the Leopoldville government from recognizing the Angolan Revolutionary Government in Exile on Congolese territory. He will also try to win stronger US support should the Security Council again discuss Lisbon's overseas territories next month. Although Nogueira may raise the base issue in Washington, the hard bargaining will come later and could be prolonged.

Despite its grievances, Lisbon is unlikely to invoke the clause which would compel the US to evacuate the Azores during the six months commencing on 1 January. The recent appointment to the Washington embassy of former UN Ambassador Vasco Vieira Garin shows that the regime feels it essential to have a more forceful personality there to push its policies at this critical point. Barring a sharp deterioration in the Angolan situation, however, another last-minute extension of possibly one year seems to be in prospect.

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Europe

SETTLEMENT OF US-EEC "CHICKEN WAR" MAY BE NEAR

A settlement of sorts may be reached within the next few weeks to the "chicken war" which has embittered US relations with the Common Market for more than a year.

On the basis of the US-EEC understanding reached last week, the GATT secretary general is to appoint a neutral panel to render an advisory opinion, which will probably be ready by early November. This opinion is to confine itself to the value of the commerce affected by the tariff concessions on poultry which the US had received from West Germany and which were withdrawn when the EEC's variable import levy system on poultry went into effect in 1962.

Although the EEC has consistently held that the amount is less than half the \$46 million claimed by the US, it has agreed to accept the panel opinion. Moreover, both the Germans and the Dutch have privately said they will "veto" any move within the EEC to counter-retaliate--provided the US does not exceed the panel's findings in its compensatory withdrawal of tariff concessions. However, the possibility cannot be ruled out of a last-minute attempt by the EEC to avert the costs of this kind of "settlement"--perhaps with an offer of new tariff concessions on products other than poultry.

In any case the poultry dispute will leave an unfortunate residue--for example, in the blurring of the legal issues involved. EEC Commission officials have made it clear in recent weeks that they consider US legal "rights" in the poultry matter a good deal less substantial than the US holds

them to be, and have suggested that US rights respecting other farm commodities--notably wheat--may be similarly limited. While the EEC member countries have not endorsed this position, they nevertheless appear to share the Commission's concern to avoid allowing the relatively unimportant poultry question to set precedents which could perhaps be embarrassing when the bargaining begins on farm export commodities of far greater importance.

Moreover, the poultry episode has underlined the fact that agriculture poses the major threat to the Kennedy Round of tariff negotiations, as well as to the future of the EEC itself. In what appears to have been an important pronouncement of his government's position, a West German delegate to the EEC Council's mid-October meeting expressed Bonn's "greatest concern" over the way the EEC's common agricultural policy (CAP) was developing. He charged that the CAP has neither taken sufficiently into account the interests of the non-EEC countries nor provided protection for the EEC producer.

While this statement may reflect an intention of the Erhard government to support a more liberal trade policy in the EEC, it also points up the dilemma the EEC faces in proceeding with integration in a way which will satisfy both its own agricultural interests and those of its trading partners. Whether Bonn will in fact be able to make a positive contribution in areas in which its own economic and political interests are deeply involved--for example, in the matter of grain price unification--remains to be seen.

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Europe

THE GREEK ELECTION CAMPAIGN

The campaign for the Greek parliamentary election on 3 November appears to be shaping up as a close struggle between former Premier Karamanlis' conservative National Radical Union (ERE) and a revived Center Union (EK) party led by George Papandreou. The Communist-dominated United Democratic Left (EDA) party, unable to form a popular front, appears disheartened and has already begun to cry foul. The small conservative Progressive Party and the leftist Democratic and Socialist Movement are showing little strength.

Karamanlis, who returned from a three-month self-imposed exile in late September, appears to be arousing somewhat less enthusiasm than in the 1961 election. Many voters seem to feel that after six years of his premiership it is time for a change. In a switch from his 1961 tactics, Karamanlis, in his early campaigning virtually ignored the EDA and concentrated his attacks on Papandreou and the EK, which he regarded as

the main threat to his retaining a working majority in parliament. Recent speeches, however, suggest Karamanlis may be shifting his attack more to the EDA.

The EK's campaign has featured promises of tax relief and a strong appeal to Greek nationalism. Papandreou has accused Karamanlis of "submissiveness to foreigners"--an allusion to his close ties with the US--and in the same vein has criticized the government's handling of the emotion-laden Cyprus question.

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Papandreou can also count on some help from the EDA. Although he has consistently refused to discuss electoral cooperation with them, there is a good chance that the EDA will throw its strength to Papandreou's party in close races, with the objective of unseating Karamanlis supporters at any cost.

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AREA NOTE

Finland: The search for a viable Finnish government is in its eighth week, and now centers on efforts to get labor representation back into the cabinet. President Kekkonen now has accepted the resignations of three leftist trade union ministers whose move to leave the government on 30 August precipitated the current crisis. It will not

be easy, however, to find replacements willing to participate in the government who are at the same time acceptable to the dominant Agrarian Party. Unless this impasse is broken, the Agrarians may eventually have to agree to a government run by civil servants.

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Western Hemisphere

DOMINICAN POLITICAL IMPASSE CONTINUING

The continuing political impasse between the Dominican Republic's new government and its opponents is increasing the chances for a dangerous polarization of the country's main political forces. However, voices of compromise are being heard privately on both sides.

Rabidly anti-Communist military leaders who installed the ruling triumvirate have rejected any participation in the government by prominent members of deposed President Bosch's Dominican Revolutionary Party (PRD). Similarly, the six minority political parties controlling the cabinet are unwilling to give up their newly acquired patronage through a broadening of the government. Despite these obstacles, members of the triumvirate appear seriously interested in resolving the current stalemate. For their part, both the moderate leftist PRD and Revolutionary Social Christian Party--third largest party in the country--have publicly refused to consider entering the present government, but at least a few of their leaders are talking privately of compromise.

Meanwhile, general tension is mounting. Antigovernment demonstrations--including several staged by leftist university students in Santo Domingo--

have been restrained by strong police action so far; however, new and more serious outbreaks could occur at any time.

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Western Hemisphere

COMMUNISTS WELCOME PRE-ELECTION CONFUSION IN PANAMA

Outside influences are increasing political tensions in Panama, where some 15 parties are already maneuvering for the advantage in next May's presidential election. Revolutionaries trained in Cuba and the bloc may try to incite violence in areas where US interests are involved, such as the United Fruit Company banana plantations or the Canal Zone. Some news media are using the recent Dominican and Honduran coups to give weight to unconfirmed charges that Panamanian rightists and National Guard leaders are plotting a coup to prevent the election. Officials of other Central American governments have expressed fear that "trouble" may be impending in Panama.

After years of bumbling and weakness, Panamanian Communists have in the last year or so increased their numbers and shown more sophistication, probably as a result of a significant rise in training in bloc countries. Even the acrimonious rivalry between the regular Communist party (PDP) and the revolutionary, pro-Castro VAN group seems to have heightened their activity and sharpened their capabilities, despite some attendant confusion.

Although top Communists no doubt realize that their chance of gaining control or acquiring strong influence in Panama is slight, they are capable of inciting some terrorist raids,

strikes, or student demonstrations during the confusion of the political campaign. However abortive Communist efforts might be, they could as in the past, be used to discredit the US and the traditional ruling groups in Panama. The Communists may even hope to involve US forces from the Canal Zone, because Panama's only armed force, the National Guard, is thinly deployed and simultaneous widespread demonstrations could overtax its ability to maintain order.

The groups which have long dominated Panamanian political and economic life are concerned that their internal differences might cost them the election and control of the country. The factionalism of politics in Panama has given pro-Communists the opportunity to infiltrate several small parties in the knowledge that the coalitions must seek support from these parties and make concessions on nominees in order to win elections.

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